



February 20, 2003

HOUSE BILL No. 1598

DIGEST OF HB 1598 (Updated February 19, 2003 5:18 PM - DI 92)

Citations Affected: IC 4-12; IC 4-31; IC 4-32; IC 4-33; IC 6-3; IC 6-8.1; IC 35-45; noncode.

Synopsis: Pull tabs. Authorizes the sale of pari-mutuel pull tabs at race tracks and satellite facilities in Fort Wayne and Indianapolis. Imposes a wagering tax of 31%. Provides for tax distributions within Madison County and Shelby County. Requires permit holders to execute financial agreements with the respective cities in order to operate a satellite facility with pull tabs in Fort Wayne and Indianapolis. Provides for revenue sharing. Imposes a fee for the promotion of horse racing based upon net receipts from pull tab sales. Establishes the minority and women business participation fund consisting of fees and civil penalties imposed upon riverboats and pull tab operators.

Effective: July 1, 2003.

**Reske, Stine, Summers, Lutz J,
Austin**

January 16, 2003, read first time and referred to Committee on Public Policy, Ethics and Veterans Affairs.
February 19, 2003, amended, reported — Do Pass. Recommitted to Committee on Ways and Means.

HB 1598—LS 7763/DI 92+



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February 20, 2003

First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

HOUSE BILL No. 1598

A BILL FOR AN ACT to amend the Indiana Code concerning gaming.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 4-31-1-2 IS AMENDED TO READ AS FOLLOWS
2 [EFFECTIVE JULY 1, 2003]: Sec. 2. The ~~purpose~~ **purposes** of this
3 article ~~is~~ **are** to:

4 (1) permit pari-mutuel wagering on horse races in Indiana; ~~and to~~

5 (2) **permit the sale of pari-mutuel pull tabs at racetracks and**
6 **satellite facilities in Indiana;**

7 (3) ensure that ~~the sale of pari-mutuel pull tabs and~~ pari-mutuel
8 wagering on horse races in Indiana will be conducted with the
9 highest of standards and the greatest level of integrity; **and**

10 (4) **maximize and preserve state revenues generated from the**
11 **various forms of permitted gaming and wagering by ensuring**
12 **that the various forms of permitted gaming and wagering**
13 **occur in different geographic regions of the state.**

14 SECTION 2. IC 4-31-2-1.5 IS ADDED TO THE INDIANA CODE
15 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
16 1, 2003]: Sec. 1.5. "Allowed city" means a city that has a population
17 that is greater than two hundred thousand (200,000).

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SECTION 3. IC 4-31-2-11.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 11.5. "Pari-mutuel pull tab" means a game offered to the public at a facility authorized under IC 4-33-7.5 in which a person who purchases a ticket or simulated ticket has the opportunity to share in a prize pool, multiple prize pools, or a shared prize pool.**

SECTION 4. IC 4-31-4-1.3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 1.3. (a) This section does not apply to a person who satisfies all of the following:

- (1) The person was issued a satellite facility license before January 2, 1996.
- (2) The person operated a satellite facility before January 2, 1996.
- (3) The person is currently operating the satellite facility under the license.

(b) A person may not operate under a satellite facility license unless both of the following apply:

- (1) The county fiscal body of the county in which the satellite facility will be operated has adopted an ordinance under section 2.5 of this chapter.
- (2) The person secures a license under IC 4-31-5.5.

(c) Notwithstanding any other provision of this article, subsection (b)(1) does not apply to a permit holder that:

- (1) was issued a permit before July 1, 2003; and**
- (2) operates or files an application to operate a satellite facility in an allowed city.**

SECTION 5. IC 4-31-4-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 2. (a) A county fiscal body may adopt an ordinance permitting the filing of applications under IC 4-31-5 to conduct pari-mutuel wagering on horse races at racetracks in the county. However, before adopting the ordinance, the county fiscal body must:

- (1) conduct a public hearing on the proposed ordinance; and
- (2) publish notice of the public hearing in the manner prescribed by IC 5-3-1.

(b) The county fiscal body may:

- (1) require in the ordinance adopted by the county fiscal body that before applications under IC 4-31-5 to conduct pari-mutuel wagering on horse races at racetracks in the county may be filed, the voters of the county must approve the conducting of horse racing meetings in the county under section 3 of this chapter; or
- (2) amend an ordinance already adopted by the county fiscal body



to require that before applications under IC 4-31-5 to conduct pari-mutuel wagering on horse races at racetracks in the county may be filed, the voters of the county must approve the conducting of horse racing meetings in the county under section 3 of this chapter.

An ordinance adopted under this section may not be amended to apply to a person who has already been issued a permit under IC 4-31-5 before amendment of the ordinance.

(c) An ordinance adopted under this section authorizing a person to conduct pari-mutuel wagering on horse races at racetracks in the county may not be adopted or amended with the intent to restrict a permit holder's ability to sell pari-mutuel pull tabs under IC 4-31-7.5. An ordinance adopted by the county fiscal body permitting the sale of pari-mutuel pull tabs is not a requirement for the lawful sale of pari-mutuel pull tabs under IC 4-31-7.5.

SECTION 6. IC 4-31-4-2.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 2.5. (a) A county fiscal body may adopt an ordinance permitting the filing of applications under IC 4-31-5.5 for operation of a satellite facility in the county. However, before adopting the ordinance, the county fiscal body must:

- (1) conduct a public hearing on the proposed ordinance; and
- (2) publish notice of the public hearing in the manner prescribed by IC 5-3-1.

(b) The county fiscal body may:

- (1) require in the ordinance adopted by the county fiscal body that before applications under IC 4-31-5.5 to operate a satellite facility in the county may be filed, the voters of the county must approve the operation of a satellite facility in the county under section 3 of this chapter; or
- (2) amend an ordinance already adopted in the county to require that before applications under IC 4-31-5.5 to operate a satellite facility in the county may be filed, the voters of the county must approve the operation of a satellite facility in the county under section 3 of this chapter.

An ordinance adopted under this section may not be amended to apply to a person who was issued a license under IC 4-31-5.5 before the ordinance was amended.

(c) Notwithstanding any other provision of this article, this section does not apply to a permit holder that:

- (1) was issued a permit before July 1, 2003; and**
- (2) operates or files an application to operate a satellite**



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facility in an allowed city.

SECTION 7. IC 4-31-4-3 IS AMENDED TO READ AS FOLLOWS
[EFFECTIVE JULY 1, 2003]: Sec. 3. (a) This section does not apply
to either of the following:

(1) A permit holder who satisfies all of the following:

(A) The permit holder was issued a permit before January 2, 1996.

(B) The permit holder conducted live racing before January 2, 1996.

(C) The permit holder is currently operating under the permit.

(2) A person who satisfies all of the following:

(A) The person was issued a satellite facility license before January 2, 1996.

(B) The person operated a satellite facility before January 2, 1996.

(C) The person is currently operating the satellite facility under the license.

(b) This section applies if either of the following apply:

(1) Both of the following are satisfied:

(A) An ordinance is adopted under section 2 or 2.5 of this chapter.

(B) The ordinance requires the voters of the county to approve either of the following:

(i) The conducting of horse racing meetings in the county.

(ii) The operation of a satellite facility in the county.

(2) A local public question is required to be held under section 2.7 of this chapter following the filing of a petition with the circuit court clerk:

(A) signed by at least the number of registered voters of the county required under IC 3-8-6-3 to place a candidate on the ballot; and

(B) requesting that the local public question set forth in subsection (d) be placed on the ballot.

(c) Notwithstanding any other provision of this article, the commission may not issue a recognized meeting permit under IC 4-31-5 to allow the conducting of or the assisting of the conducting of a horse racing meeting unless the voters of the county in which the property is located have approved conducting recognized meetings in the county.

(d) For a local public question required to be held under subsection (c), the county election board shall place the following question on the ballot in the county during the next general election:



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"Shall horse racing meetings at which pari-mutuel wagering occurs be allowed in _____ County?".

(e) Notwithstanding any other provision of this article, the commission may not issue a satellite facility license under IC 4-31-5.5 to operate a satellite facility unless the voters of the county in which the satellite facility will be located approve the operation of the satellite facility in the county.

(f) For a local public question required to be held under subsection (e), the county election board shall place the following question on the ballot in the county during the next general election:

"Shall satellite facilities at which pari-mutuel wagering occurs be allowed in _____ County?".

(g) A public question under this section must be certified in accordance with IC 3-10-9-3 and shall be placed on the ballot in accordance with IC 3-10-9.

(h) The circuit court clerk of a county holding an election under this chapter shall certify the results determined under IC 3-12-4-9 to the commission and the department of state revenue.

(i) If a public question is placed on the ballot under subsection (d) or (f) in a county and the voters of the county do not vote in favor of the public question, a second public question under that subsection may not be held in the county for at least two (2) years. If the voters of the county vote to reject the public question a second time, a third or subsequent public question under that subsection may not be held in the county until the general election held during the tenth year following the year of the previous public question held under that subsection.

(j) Notwithstanding any other provision of this article, this section does not apply to a permit holder that:

(1) was issued a permit before July 1, 2003; and

(2) operates or files an application to operate a satellite facility in an allowed city.

SECTION 8. IC 4-31-5-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 6. (a) The commission may not issue a recognized meeting permit unless the applicant has filed with the commission:

(1) a financial statement prepared and certified by a certified public accountant in accordance with sound accounting practices, showing the net worth of the applicant;

(2) a statement from the department of state revenue and the treasurer of state that there are no pari-mutuel taxes or other obligations owed by the applicant to the state or any of its

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departments or agencies;

(3) a statement from the county treasurer of the county in which the applicant proposes to conduct horse racing meetings that there are no real or personal property taxes owed by any of the principals seeking the permit; and

(4) a statement of obligations that are owed or being contested, including salaries, purses, entry fees, laboratory fees, and debts owed to vendors and suppliers.

(b) In addition to the requirements of subsection (a), the commission may not issue a recognized meeting permit for a recognized meeting to occur in a county unless IC 4-31-4 has been satisfied.

(c) In addition to the requirements of subsections (a) and (b), the commission may not issue a recognized meeting permit for a recognized meeting to occur at a location within thirty (30) linear miles of a location for which another permit holder has been issued a recognized meeting permit for a recognized meeting to occur.

SECTION 9. IC 4-31-5-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 15. **Except as provided in IC 4-31-7.5 or IC 4-31-7.6**, any fees or penalties collected by the commission under IC 4-31-3-9(1)(E) through IC 4-31-3-9(1)(G) shall be paid into the state general fund.

SECTION 10. IC 4-31-5.5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 3. (a) As used in this section, "live racing day" means a day on which at least eight (8) live horse races are conducted.

(b) The commission's authority to issue satellite facility licenses is subject to the following conditions:

(1) The commission may issue ~~four (4)~~ **two (2)** satellite facility licenses to each permit holder that:

(A) conducts at least one hundred twenty (120) live racing days per year at the racetrack designated in the permit holder's permit; and

(B) meets the other requirements of this chapter and the rules adopted under this chapter.

If a permit holder that operates satellite facilities does not meet the required minimum number of live racing days, the permit holder may not operate the permit holder's satellite facilities during the following year. However, the requirement for one hundred twenty (120) live racing days does not apply if the commission determines that the permit holder is prevented from conducting live horse racing as a result of a natural disaster or other event over which the permit holder has no control. In

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1 addition, if the initial racing meeting conducted by a permit
 2 holder commences at such a time as to make it impractical to
 3 conduct one hundred twenty (120) live racing days during the
 4 permit holder's first year of operations, the commission may
 5 authorize the permit holder to conduct simulcast wagering during
 6 the first year of operations with fewer than one hundred twenty
 7 (120) live racing days.

8 (2) Each proposed satellite facility must be covered by a separate
 9 application. The timing for filing an initial application for a
 10 satellite facility license shall be established by the rules of the
 11 commission.

12 (3) A satellite facility must:

13 (A) have full dining service available;

14 (B) have multiple screens to enable each patron to view
 15 simulcast races; and

16 (C) be designed to seat comfortably a minimum of four
 17 hundred (400) persons.

18 (4) In determining whether a proposed satellite facility should be
 19 approved, the commission shall consider the following:

20 (A) The purposes and provisions of this chapter.

21 (B) The public interest.

22 (C) The impact of the proposed satellite facility on live racing.

23 (D) The impact of the proposed satellite facility on the local
 24 community.

25 (E) The potential for job creation.

26 (F) The quality of the physical facilities and the services to be
 27 provided at the proposed satellite facility.

28 (G) Any other factors that the commission considers important
 29 or relevant to its decision.

30 (5) The commission may not issue a license for a satellite facility
 31 to be located in a county unless IC 4-31-4 has been satisfied.

32 **(6) Satellite facilities are limited to the following locations:**

33 **(A) An allowed city.**

34 **(B) A city, other than an allowed city, in which the permit**
 35 **holder's satellite facility operations began before March 1,**
 36 **2003.**

37 **(7) A permit holder may not hold more than one license issued**
 38 **for the operation of a satellite facility in an allowed city,**
 39 **unless the permit holder holds a license issued for the**
 40 **operation of a satellite facility in an allowed city jointly with**
 41 **another permit holder.**

42 **(c) The number of licenses issued for the operation of a satellite**

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1 facility in the allowed cities may not exceed two (2). However, an
 2 allowed city may not contain more than one (1) satellite facility. A
 3 license issued for the operation of a satellite facility in an allowed
 4 city may be jointly held by more than one (1) permit holder.

5 (d) Notwithstanding any other provision of this chapter, a
 6 permit holder licensed to sell pari-mutuel pull tabs under
 7 IC 4-31-7.5 shall surrender any satellite facility license held by the
 8 permit holder for the operation of a satellite facility at any location
 9 other than a location specified in subsection (b)(6).

10 (e) If:

11 (1) a permit holder is issued a license under IC 4-31-7.5 to sell
 12 pari-mutuel pull tabs at a satellite facility located in an
 13 allowed city; and

14 (2) the permit holder is operating a satellite facility in an
 15 allowed city under a license issued before March 1, 2003;
 16 the permit holder shall cease operations at the satellite facility
 17 described in subdivision (2) and surrender the license under which
 18 the satellite facility had been operated before commencing
 19 operations at a satellite facility licensed to sell pari-mutuel pull
 20 tabs.

21 SECTION 11. IC 4-31-5.5-6 IS AMENDED TO READ AS
 22 FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 6. A permit holder or
 23 group of permit holders that is authorized to operate satellite facilities
 24 may accept and transmit pari-mutuel wagers on horse racing at those
 25 facilities and may engage in all activities necessary to establish and
 26 operate appropriate satellite wagering facilities, including the
 27 following:

28 (1) Live simulcasts of horse racing conducted at the permit
 29 holder's racetrack or at other racetracks. However, a satellite
 30 facility operated by a permit holder may not simulcast races
 31 conducted in other states on any day that is not a live racing day
 32 (as defined in section 3 of this chapter) unless the satellite facility
 33 also simulcasts all available races conducted in Indiana on that
 34 day.

35 (2) Construction or leasing of satellite wagering facilities.

36 (3) Sale of food and beverages.

37 (4) Advertising and promotion.

38 (5) **Sale of pari-mutuel pull tabs authorized under IC 4-31-7.5.**

39 (6) All other related activities.

40 SECTION 12. IC 4-31-5.5-7 IS ADDED TO THE INDIANA CODE
 41 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 42 1, 2003]: **Sec. 7. A zoning ordinance that permits real property to**



be used as a racetrack for the purpose of conducting live pari-mutuel horse racing must be construed to authorize the permit holder to operate a satellite facility on the real property. An ordinance described in this section may not be amended to prohibit the permit holder from operating a satellite facility on the real property.

SECTION 13. IC 4-31-7-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 1. (a) A person holding a permit to conduct a horse racing meeting or a license to operate a satellite facility may provide a place in the racing meeting grounds or enclosure or the satellite facility at which the person may conduct and supervise the pari-mutuel system of wagering by patrons of legal age on the horse races conducted or simulcast by the person. The person may not permit or use:

- (1) another place other than that provided and designated by the person; or
- (2) another method or system of betting or wagering.

However, a person holding a permit to conduct a horse racing meeting may permit wagering on pari-mutuel pull tabs at the person's racetrack or satellite facility as permitted by IC 4-31-7.5.

(b) Except as provided in section 7 of this chapter and IC 4-31-5.5, the pari-mutuel system of wagering may not be conducted on any races except the races at the racetrack, grounds, or enclosure for which the person holds a permit.

SECTION 14. IC 4-31-7-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 2. (a) A person less than eighteen (18) years of age may not wager at a horse racing meeting.

(b) A person less than ~~seventeen (17)~~ **eighteen (18)** years of age may not enter the grandstand, clubhouse, or similar areas of a racetrack at which wagering is permitted unless accompanied by a person who is at least twenty-one (21) years of age.

(c) A person less than eighteen (18) years of age may not enter a satellite facility.

(d) A person less than twenty-one (21) years of age may not enter the part of a satellite facility or racetrack in which pari-mutuel pull tabs are sold and redeemed.

SECTION 15. IC 4-31-7.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]:

Chapter 7.5. Pari-Mutuel Pull Tabs

Sec. 1. (a) This chapter applies only to the sale of pari-mutuel



1 pull tabs by a person that holds a permit to conduct a pari-mutuel
2 horse racing meeting issued under IC 4-31-5.

3 (b) This chapter does not apply to the sale of pull tabs by a
4 qualified organization (as defined in IC 4-32-6-20) under IC 4-32.

5 Sec. 2. The Indiana gaming commission shall regulate and
6 administer the sale, purchase, and redemption of pari-mutuel pull
7 tab tickets under this chapter.

8 Sec. 3. (a) The Indiana gaming commission shall adopt rules
9 under IC 4-22-2, including emergency rules under IC 4-22-2-37.1,
10 to implement this chapter, including rules that prescribe:

11 (1) an approval process for pari-mutuel pull tab games that
12 requires periodic testing of the games and equipment by an
13 independent entity under the oversight of the commission to
14 ensure the integrity of the games to the public;

15 (2) a system of internal audit controls;

16 (3) a method of payment for pari-mutuel pull tab prizes that
17 allows a player to transfer credits from one (1) terminal or
18 device to another;

19 (4) a method of payment for pari-mutuel pull tab prizes that
20 allows a player to redeem a winning ticket for additional play
21 tickets or credit to permit purchase of additional play tickets;

22 (5) requirements for a license to sell pari-mutuel pull tabs that
23 a permit holder must obtain from the commission before
24 selling pari-mutuel pull tabs;

25 (6) a voluntary exclusion program; and

26 (7) any other procedure or requirement necessary for the
27 efficient and economical operation of the pari-mutuel pull tab
28 games and the convenience of the public.

29 (b) The Indiana gaming commission may enter into a contract
30 with the Indiana horse racing commission for the provision of
31 services necessary to administer pari-mutuel pull tab games.

32 Sec. 4. (a) The Indiana gaming commission may issue a license
33 to a permit holder to sell pari-mutuel pull tabs under this chapter
34 at the locations described in section 9 of this chapter. To obtain a
35 license under this section, a permit holder must submit an
36 application on a form prescribed by the Indiana gaming
37 commission.

38 (b) Before issuing a license to a permit holder under this section,
39 the Indiana gaming commission shall subject the permit holder to
40 a background investigation similar to a background investigation
41 required of an applicant for a riverboat owner's license under
42 IC 4-33-6.



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1 (c) An initial pari-mutuel pull tab license expires five (5) years
 2 after the effective date of the license. Unless the pari-mutuel pull
 3 tab license is terminated or revoked, the pari-mutuel pull tab
 4 license may be renewed annually thereafter upon:

5 (1) the payment of an annual renewal fee determined by the
 6 Indiana gaming commission; and

7 (2) a determination by the Indiana gaming commission that
 8 the permit holder satisfies the conditions of this chapter.

9 (d) A permit holder holding a pari-mutuel pull tab license shall
 10 undergo a complete investigation every three (3) years to
 11 determine that the permit holder remains in compliance with this
 12 article.

13 (e) Notwithstanding subsection (d), the Indiana gaming
 14 commission may investigate a permit holder at any time the
 15 commission determines it is necessary to ensure that the permit
 16 holder remains in compliance with this article.

17 (f) The permit holder shall bear the cost of an investigation or
 18 a reinvestigation of the permit holder and any investigation
 19 resulting from a potential transfer of ownership.

20 (g) The Indiana gaming commission may not issue a license
 21 under this chapter unless the permit holder has executed an
 22 agreement with the mayor of an allowed city concerning the
 23 conditions under which the city and the permit holder agree that
 24 a satellite facility should be located and operated in the city. An
 25 agreement under this subsection:

26 (1) must promote the public health, safety, and welfare of the
 27 city;

28 (2) may include provisions for revenue sharing, grants,
 29 housing development, employment opportunities, investment,
 30 assistance with the satellite facility, use of revenues, and any
 31 other terms and conditions mutually agreed upon; and

32 (3) must be executed before April 1, 2004.

33 An agreement executed under this subsection is binding upon the
 34 issuance of a license under this chapter by the Indiana gaming
 35 commission, subject to the other provisions of this chapter. The
 36 agreement may not supersede any applicable zoning laws. The
 37 permit holder is under a continuing duty to remain in compliance
 38 with the terms of the agreement executed under this subsection to
 39 retain the permit holder's pari-mutuel pull tab license. The Indiana
 40 gaming commission may revoke a pari-mutuel pull tab license for
 41 noncompliance with the terms of an agreement executed under this
 42 subsection.



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(h) Money received by any unit of government under an agreement executed under subsection (g) is considered miscellaneous revenue. The money may not be used to reduce the unit's maximum levy under IC 6-1.1-18.5 or IC 6-1.1-19, but may be used at the discretion of the unit to reduce the property tax levy for a particular year. The money may be used for any legal or corporate purpose of the unit, including the pledge of money to bonds, leases, or other obligations under IC 5-1-14-4. In the case of an allowed city subject to IC 36-7-15.1-35.5, the agreement executed under subsection (g) must dedicate at least twenty percent (20%) of the money received under the agreement to the housing trust fund established under IC 36-7-15.1-35.5(e).

(i) Notwithstanding any other law, a permit holder may not sell pari-mutuel pull tabs at the permit holder's race track until the permit holder has executed an agreement with the mayor of an allowed city under subsection (g).

Sec. 5. The Indiana gaming commission may assess an administrative fee to a permit holder offering pari-mutuel pull tab games in an amount that allows the commission to recover all of the commission's costs of administering the pari-mutuel pull tab games.

Sec. 6. A pari-mutuel pull tab game must be conducted in the following manner:

(1) Each set of tickets must have a predetermined:

(A) total purchase price; and

(B) amount of prizes.

(2) Randomly ordered pari-mutuel pull tab tickets may be distributed from an approved location or from a distribution device to:

(A) the permit holder at the permit holder's racetrack or satellite facility, or both; or

(B) a terminal or device of the permit holder at the permit holder's racetrack or satellite facility, or both.

(3) A pari-mutuel pull tab ticket must be presented to a player in the form of a paper ticket or display on a terminal or device.

(4) Game results must be initially covered or otherwise concealed from view on the pari-mutuel pull tab ticket, terminal, or device so that the number, letter, symbol, or set of numbers, letters, or symbols cannot be seen until the concealing medium is removed.

(5) A winner is identified after the display of the game results

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when a player removes the concealing medium of the pari-mutuel pull tab ticket or display on a terminal or device.

(6) A winner shall receive the prize or prizes posted or displayed for the game from the permit holder.

Sec. 7. A person less than twenty-one (21) years of age may not purchase a pari-mutuel pull tab ticket.

Sec. 8. The sale price of a pari-mutuel pull tab ticket may not exceed ten dollars (\$10).

Sec. 9. The sale, purchase, and redemption of pari-mutuel pull tab tickets are limited to the following locations:

(1) A live pari-mutuel horse racing facility licensed under this article.

(2) A satellite facility licensed under this article located in an allowed city.

Sec. 10. A permit holder may not install more than:

(1) seven hundred fifty (750) pull tab terminals or devices on the premises of the permit holder's live pari-mutuel horse racing facility; and

(2) one thousand five hundred (1,500) pull tab terminals or devices on the premises of the permit holder's satellite facility located in an allowed city.

Sec. 11. The number and amount of the prizes in a pari-mutuel pull tab game must be finite but may not be limited.

Sec. 12. A list of prizes for winning pari-mutuel pull tab tickets must be posted or displayed at a location where the tickets are sold.

Sec. 13. A permit holder may close a pari-mutuel pull tab game at any time.

Sec. 14. A terminal or device selling pari-mutuel pull tab tickets may be operated by a player without the assistance of the permit holder for the sale and redemption of pari-mutuel pull tab tickets.

Sec. 15. A terminal or device selling pari-mutuel pull tab tickets may not dispense coins or currency as prizes for winning tickets. Prizes awarded by a terminal or device must be in the form of credits for additional play or certificates redeemable for cash or prizes.

Sec. 16. All shipments of gambling devices, including pari-mutuel pull tab machines, to permit holders in Indiana, the registering, recording, and labeling of which have been completed by the manufacturer or dealer in accordance with 15 U.S.C. 1171 through 15 U.S.C. 1178, are legal shipments of gambling devices into Indiana.

Sec. 17. Under 15 U.S.C. 1172, approved January 2, 1951, the

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1 state of Indiana, acting by and through elected and qualified
 2 members of the general assembly, declares that the state is exempt
 3 from 15 U.S.C. 1172.

4 Sec. 18. (a) This section applies if a permit holder's employees
 5 are covered under the terms of a collective bargaining agreement
 6 that is in effect at the time the permit holder is licensed to offer
 7 pari-mutuel pull tab wagering under this chapter.

8 (b) If a permit holder has nonsupervisory employees whose
 9 work is:

10 (1) directly related to:

11 (A) pari-mutuel terminal operations; or

12 (B) money room functions associated with pari-mutuel
 13 wagering; and

14 (2) covered under the terms of a collective bargaining
 15 agreement;

16 the permit holder shall, subject to subsection (c), staff
 17 nonsupervisory positions directly related to the operation of
 18 pari-mutuel pull tab wagering under this chapter with employees
 19 described in subsection (c).

20 (c) The employees described in subsection (b) must be qualified
 21 to meet the licensing requirements of this chapter and any criteria
 22 required by the gaming commission in rules adopted under
 23 IC 4-22-2.

24 Sec. 19. The job classifications, job duties, wage rates, and
 25 benefits of nonsupervisory positions related to pari-mutuel pull tab
 26 wagering may be established by agreement of the parties to a
 27 collective bargaining agreement, or in the absence of an agreement,
 28 by the permit holder.

29 Sec. 20. (a) The Indiana gaming commission may eject or
 30 exclude or authorize the ejection or exclusion of a person from a
 31 pari-mutuel pull tab wagering facility if:

32 (1) the person's name is on the list of persons voluntarily
 33 excluding themselves from all pari-mutuel pull tab facilities
 34 in a program established under the rules of the Indiana
 35 gaming commission;

36 (2) the person violates this chapter; or

37 (3) the Indiana gaming commission determines that the
 38 person's conduct or reputation is such that the person's
 39 presence within the pari-mutuel pull tab wagering facility
 40 may:

41 (A) call into question the honesty and integrity of the
 42 pari-mutuel pull tab operations; or



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(B) interfere with the orderly conduct of the pari-mutuel pull tab operations.

(b) A person may petition the Indiana gaming commission for a hearing on the person's ejection or exclusion under this section.

SECTION 16. IC 4-31-7.6 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]:

Chapter 7.6. Taxation of Pari-Mutuel Pull Tabs and Fees

Sec. 1. (a) This chapter applies only to the lawful sale of pari-mutuel pull tabs by a person that:

(1) holds a permit to conduct a pari-mutuel horse racing meeting issued under IC 4-31-5; and

(2) is authorized to sell pari-mutuel pull tabs under IC 4-31-7.5.

(b) This chapter does not apply to the sale of pull tabs by a qualified organization (as defined in IC 4-32-6-20) under IC 4-32.

Sec. 2. As used in this chapter, "adjusted gross receipts" means:

(1) the total of all cash and property (including checks received by a permit holder, whether collected or not) received by a permit holder from pari-mutuel pull tab sales; minus

(2) the total of:

(A) all cash paid out to patrons as winnings for pari-mutuel pull tabs; and

(B) uncollectible pari-mutuel pull tab receivables, not to exceed the lesser of:

(i) a reasonable provision for uncollectible patron checks received from pari-mutuel pull tab sales; or

(ii) two percent (2%) of the total of all sums, including checks, whether collected or not, less the amount paid out to patrons as winnings for pari-mutuel pull tabs.

For purposes of this section, a counter or personal check that is invalid or unenforceable under this article is considered cash received by the permit holder from pari-mutuel pull tab sales.

Sec. 3. As used in this chapter, "county resident student" means a student enrolled in a school corporation who resides in a county having a population of more than one hundred thirty thousand (130,000) but less than one hundred forty-five thousand (145,000).

Sec. 4. As used in this chapter, "net receipts" means a permit holder's adjusted gross receipts minus any taxes paid under section 6 of this chapter.

Sec. 5. As used in this chapter, "school corporation" has the

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1 meaning set forth in IC 36-1-2-17.

2 Sec. 6. (a) A tax is imposed on the adjusted gross receipts
3 received from the sale of pari-mutuel pull tabs authorized under
4 this article at the rate of thirty-one percent (31%).

5 (b) The permit holder shall remit the tax imposed by this section
6 to the department before the close of the business day following the
7 day the pari-mutuel pull tabs are sold.

8 (c) The department may require payment under this section to
9 be made by electronic funds transfer (as defined in IC 4-8.1-2-7(f)).

10 (d) If the department requires taxes to be remitted under this
11 chapter through electronic funds transfer, the department may
12 allow the permit holder to file a monthly report to reconcile the
13 amounts remitted to the department.

14 (e) The department may allow taxes remitted under this section
15 to be reported on the same form used for taxes paid under
16 IC 4-31-9.

17 Sec. 7. (a) The state pull tab wagering fund is established.
18 Money in the fund does not revert to the state general fund at the
19 end of a state fiscal year.

20 (b) The department shall deposit tax revenue collected under
21 section 6 of this chapter in the state pull tab wagering fund.

22 (c) Before the fifteenth day of each month, the treasurer of state
23 shall distribute the tax revenue deposited in the state pull tab
24 wagering fund under this section in the preceding months as
25 follows:

26 (1) Thirty percent (30%) of the tax revenue remitted by each
27 permit holder's racetrack shall be paid as follows:

28 (A) In the case of a racetrack that is located in a county
29 having a population of more than one hundred thirty
30 thousand (130,000) but less than one hundred forty-five
31 thousand (145,000), the tax revenue remitted by the
32 racetrack shall be paid as follows:

33 (i) Fifty-eight percent (58%) to a city having a
34 population of more than fifty-nine thousand seven
35 hundred (59,700) but less than sixty-five thousand
36 (65,000).

37 (ii) Seventeen percent (17%) to the capital projects fund
38 of the county for distribution by the county legislative
39 body.

40 (iii) Seventeen percent (17%) to the school corporations
41 located in the county. The tax revenue distributed under
42 this item must be divided among the school corporations



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on a pro rata basis according to the ratio the number of county resident students enrolled in each school corporation bears to the total number of county resident students enrolled in the school corporations located in the county. Revenue received by a school corporation under this item is considered miscellaneous revenue.

(iv) Eight percent (8%) to the incorporated cities and towns located in the county other than a city described in item (i). The tax revenue distributed under this item must be divided among the cities and towns on a pro rata basis according to the ratio the population of each city or town bears to the total population of the county minus the population of a city described in item (i).

(B) In the case of a racetrack that is located in a county having a population of more than forty-three thousand (43,000) but less than forty-five thousand (45,000), the tax revenues remitted by the racetrack shall be paid as follows:

(i) Forty-one and five-tenths percent (41.5%) to the county.

(ii) Forty-one and five-tenths percent (41.5%) to a city having a population of more than seventeen thousand nine hundred (17,900) but less than eighteen thousand one hundred (18,100).

(iii) Seventeen and five-tenths percent (17.5%) to the school corporations located in the county. The tax revenue distributed under this item must be divided among the school corporations on a pro rata basis according to the ratio the number of county resident students enrolled in each school corporation bears to the total number of county resident students enrolled in the school corporations located in the county. Revenue received by a school corporation under this item is considered miscellaneous revenue.

(2) After the distributions required under subdivision (1) are made, the remainder of the tax revenues deposited in the state pull tab wagering fund shall be paid as follows:

(A) Fifty percent (50%) shall be paid to the state general fund.

(B) Fifty percent (50%) shall be set aside for revenue sharing under subsection (d).

(d) Before August 15, 2004, and each year thereafter, the



1 treasurer of state shall distribute the money deposited in the state
 2 pull tab wagering fund and set aside for revenue sharing under
 3 subsection (c)(2)(B) to the county treasurer of each county that
 4 does not have a riverboat or a satellite facility authorized to sell
 5 pari-mutuel pull tabs according to the ratio that the county's
 6 population bears to the total population of the counties that do not
 7 have a riverboat or a satellite facility authorized to sell pari-mutuel
 8 pull tabs. The county auditor shall distribute the money received
 9 by the county under this subsection as follows:

10 (1) To each city located in the county according to the ratio
 11 the city's population bears to the total population of the
 12 county.

13 (2) To each town located in the county according to the ratio
 14 the town's population bears to the total population of the
 15 county.

16 (3) After the distributions required in subdivisions (1) and (2)
 17 are made, the remainder shall be retained by the county.

18 (e) Money received by a city, town, or county under subsection
 19 (d):

20 (1) may not be used to reduce the unit's maximum levy under
 21 IC 6-1.1-18.5, but may be used at the discretion of the unit to
 22 reduce the property tax levy for a particular year;

23 (2) may be used for any legal or corporate purpose, including
 24 the pledge of money to bonds, leases, or other obligations
 25 under IC 5-1-14-4; and

26 (3) is considered miscellaneous revenue.

27 Sec. 8. (a) Before the fifteenth day of each month a permit
 28 holder shall pay a fee to the commission for the promotion of horse
 29 racing that is equal to the percentage set forth in subsection (b) of
 30 the permit holder's net receipts from the preceding month.

31 (b) The fee required under subsection (a) is equal to the
 32 following percentages of the permit holder's net receipts:

33 Year 1	9%
34 Year 2	15%
35 Year 3 and each year thereafter	19.25%

36 (c) Money paid to the commission under this section must be
 37 distributed as follows:

38 (1) At least two hundred fifty thousand dollars (\$250,000) but
 39 not more than one percent (1%) is to be distributed in equal
 40 amounts for the support and operation of the following
 41 horsemen's associations (as defined in IC 4-31-8-6):

42 (A) The horsemen's associations representing the



standardbred owners and trainers.

(B) The horsemen's associations representing the thoroughbred owners and trainers.

(C) The horsemen's associations representing the quarterhorse owners and trainers.

(2) The remainder is to be distributed, in amounts determined by the commission, for the promotion and operation of horse racing, as follows:

(i) To a breed development fund established by the commission under IC 4-31-11-10.

(ii) To each racetrack that has been approved by the commission under this article. The commission may make a grant under this item only for purses, promotions, and routine operations.

Sec. 9. (a) The commission shall annually impose a supplemental fee of two hundred fifty thousand dollars (\$250,000) upon each permit holder operating a racetrack under this article.

(b) Fifty percent (50%) of the annual fees collected under this section must be used for training facilities and capital improvements, including stall improvements.

(c) Fifty percent (50%) of the annual fees collected under this section must be used to promote live racing at county and 4-H fairgrounds.

SECTION 17. IC 4-31-9-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 1. A person that holds a permit to conduct a horse racing meeting or a license to operate a satellite facility shall withhold:

(1) eighteen percent (18%) of the total of money wagered on each day at the racetrack or satellite facility (including money wagered on exotic wagering pools **but excluding money wagered on pari-mutuel pull tabs under IC 4-31-7.5**); plus

(2) an additional three and one-half percent (3.5%) of the total of all money wagered on exotic wagering pools on each day at the racetrack or satellite facility.

SECTION 18. IC 4-32-15-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 1. An excise tax is imposed on the distribution of pull tabs (**excluding pari-mutuel pull tabs under IC 4-31-7.5**), punchboards, and tip boards in the amount of ten percent (10%) of the wholesale price for the pull tabs, punchboards, and tip boards.

SECTION 19. IC 4-33-2-16.3 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS



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[EFFECTIVE JULY 1, 2003]: **Sec. 16.3. "Pari-mutuel pull tab" has the meaning set forth in IC 4-31-2-11.5.**

SECTION 20. IC 4-33-4-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 2. The commission shall adopt rules under IC 4-22-2 for the following purposes:

- (1) Administering this article.
- (2) Establishing the conditions under which riverboat gambling in Indiana may be conducted.
- (3) Providing for the prevention of practices detrimental to the public interest and providing for the best interests of riverboat gambling.
- (4) With respect to riverboats that operate on Patoka Lake, ensuring:
 - (A) the prevention of practices detrimental to the natural environment and scenic beauty of Patoka Lake; and
 - (B) compliance by licensees and riverboat patrons with the requirements of IC 14-26-2-5 and IC 14-28-1.
- (5) Establishing rules concerning inspection of riverboats and the review of the permits or licenses necessary to operate a riverboat.
- (6) Imposing penalties for noncriminal violations of this article.
- (7) Establishing the conditions under which the sale, purchase, and redemption of pari-mutuel pull tabs may be conducted under IC 4-31-7.5.**

SECTION 21. IC 4-33-7.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]:

Chapter 7.5. Pari-Mutuel Pull Tab Suppliers

Sec. 1. The commission may issue a supplier's license under this chapter to a person if:

- (1) the person has:**
 - (A) applied for the supplier's license;**
 - (B) paid a nonrefundable application fee set by the commission;**
 - (C) paid a five thousand dollar (\$5,000) annual license fee; and**
 - (D) submitted on forms provided by the commission:**
 - (i) if the applicant is an individual, two (2) sets of the individual's fingerprints; and**
 - (ii) if the applicant is not an individual, two (2) sets of fingerprints for each officer and director of the applicant; and**
- (2) the commission has determined that the applicant is**



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eligible for a supplier's license.

Sec. 2. (a) A person holding a supplier's license may sell, lease, and contract to sell or lease pari-mutuel pull tab terminals and devices to a permit holder authorized to sell and redeem pari-mutuel pull tab tickets under IC 4-31-7.5.

(b) Pari-mutuel pull tab terminals and devices may not be distributed unless the terminals and devices conform to standards adopted by the commission.

Sec. 3. A person may not receive a supplier's license if:

(1) the person has been convicted of a felony under Indiana law, the laws of any other state, or laws of the United States;

(2) the person has knowingly or intentionally submitted an application for a license under this chapter that contains false information;

(3) the person is a member of the commission;

(4) the person is an officer, a director, or a managerial employee of a person described in subdivision (1) or (2);

(5) the person employs an individual who:

(A) is described in subdivision (1), (2), or (3); and

(B) participates in the management or operation of gambling operations authorized under this article;

(6) the person owns more than a ten percent (10%) ownership interest in any other person holding a permit issued under IC 4-31; or

(7) a license issued to the person:

(A) under this article; or

(B) to supply gaming supplies in another jurisdiction; has been revoked.

Sec. 4. A person may not furnish pari-mutuel pull tab terminals or devices to a permit holder unless the person possesses a supplier's license.

Sec. 5. (a) A supplier shall furnish to the commission a list of all pari-mutuel pull tab terminals and devices offered for sale or lease in connection with the sale of pari-mutuel pull tab tickets authorized under IC 4-31-7.5.

(b) A supplier shall keep books and records for the furnishing of pari-mutuel pull tab terminals and devices to permit holders separate from books and records of any other business operated by the supplier.

(c) A supplier shall file a quarterly return with the commission listing all sales and leases.

(d) A supplier shall permanently affix the supplier's name to all



the supplier's pari-mutuel pull tab terminals or devices provided to permit holders under this chapter.

Sec. 6. A supplier's pari-mutuel pull tab terminals or devices that are used by a person in an unauthorized gambling operation shall be forfeited to the state.

Sec. 7. Pari-mutuel pull tab terminals and devices that are provided by a supplier may be:

(1) repaired on the premises of a racetrack or satellite facility;
or

(2) removed for repair from the premises of a permit holder to a facility owned by the permit holder.

Sec. 8. (a) Unless a supplier's license is suspended, expires, or is revoked, the supplier's license may be renewed annually upon:

(1) the payment of a five thousand dollar (\$5,000) annual renewal fee; and

(2) a determination by the commission that the licensee is in compliance with this article.

(b) The holder of a supplier's license shall undergo a complete investigation every three (3) years to determine that the licensee is in compliance with this article.

(c) Notwithstanding subsection (b), the commission may investigate the holder of a supplier's license at any time the commission determines it is necessary to ensure that the licensee is in compliance with this article.

(d) The holder of a supplier's license shall bear the cost of an investigation or reinvestigation of the licensee and any investigation resulting from a potential transfer of ownership.

SECTION 22. IC 4-33-10-1, AS AMENDED BY P.L.192-2002(ss), SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 1. (a) A person who knowingly or intentionally:

(1) makes a false statement on an application submitted under this article;

(2) operates a gambling operation or a cruise in which wagering is conducted or is to be conducted in a manner other than the manner required under this article;

(3) permits a person less than twenty-one (21) years of age to make a wager;

(4) aids, induces, or causes a person less than twenty-one (21) years of age who is not an employee of the riverboat gambling operation to enter or attempt to enter a riverboat;

(5) wagers or accepts a wager at a location other than a riverboat;
or



(6) makes a false statement on an application submitted to the commission under this article **or IC 4-31-7.5; or**
(7) aids, induces, or causes a person less than twenty-one (21) years of age who is not an employee of a pari-mutuel pull tab operation licensed under IC 4-31-7.5 to enter or attempt to enter the pari-mutuel pull tab operation;

commits a Class A misdemeanor.

(b) A person who:

- (1) is not an employee of the riverboat gambling operation;
- (2) is less than twenty-one (21) years of age; and
- (3) knowingly or intentionally enters or attempts to enter a riverboat;

commits a Class A misdemeanor.

(c) A person who:

- (1) is not an employee of a pari-mutuel pull tab operation licensed under IC 4-31;**
- (2) is less than twenty-one (21) years of age; and**
- (3) knowingly or intentionally enters the pari-mutuel pull tab operation;**

commits a Class A misdemeanor.

SECTION 23. IC 4-33-12-6, AS AMENDED BY P.L.192-2002(ss), SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 6. (a) The department shall place in the state general fund the tax revenue collected under this chapter.

(b) Except as provided by subsections (c) and (d) and IC 6-3.1-20-7, the treasurer of state shall quarterly pay the following amounts:

- (1) Except as provided in subsection (k), one dollar (\$1) of the admissions tax collected by the licensed owner for each person embarking on a gambling excursion during the quarter or admitted to a riverboat that has implemented flexible scheduling under IC 4-33-6-21 during the quarter shall be paid to:

(A) the city in which the riverboat is docked, if the city:

- (i) is located in a county having a population of more than one hundred ten thousand (110,000) but less than one hundred fifteen thousand (115,000); or
- (ii) is contiguous to the Ohio River and is the largest city in the county; and

(B) the county in which the riverboat is docked, if the riverboat is not docked in a city described in clause (A).

- (2) Except as provided in subsection (k), one dollar (\$1) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or



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(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21; shall be paid to the county in which the riverboat is docked. In the case of a county described in subdivision (1)(B), this one dollar (\$1) is in addition to the one dollar (\$1) received under subdivision (1)(B).

(3) Except as provided in subsection (k), ten cents (\$0.10) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the county convention and visitors bureau or promotion fund for the county in which the riverboat is docked.

(4) Except as provided in subsection (k), fifteen cents (\$0.15) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during a quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the state fair commission, for use in any activity that the commission is authorized to carry out under IC 15-1.5-3.

(5) Except as provided in subsection (k), ten cents (\$0.10) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the division of mental health and addiction. The division shall allocate at least twenty-five percent (25%) of the funds derived from the admissions tax to the prevention and treatment of compulsive gambling.

(6) Except as provided in ~~subsection~~ **subsections (k) and (l)**, sixty-five cents (\$0.65) of the admissions tax collected by the licensed owner for each person embarking on a gambling excursion during the quarter or admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21 shall be paid to the Indiana horse racing commission to be distributed as follows, in amounts determined by the Indiana horse racing commission, for the promotion and operation of horse racing in Indiana:

(A) To one (1) or more breed development funds established by the Indiana horse racing commission under IC 4-31-11-10.

(B) To a racetrack that was approved by the Indiana horse

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1 racing commission under IC 4-31. The commission may make
 2 a grant under this clause only for purses, promotions, and
 3 routine operations of the racetrack. No grants shall be made
 4 for long term capital investment or construction and no grants
 5 shall be made before the racetrack becomes operational and is
 6 offering a racing schedule.

7 (c) With respect to tax revenue collected from a riverboat that
 8 operates on Patoka Lake, the treasurer of state shall quarterly pay the
 9 following amounts:

10 (1) The counties described in IC 4-33-1-1(3) shall receive one
 11 dollar (\$1) of the admissions tax collected for each person:

12 (A) embarking on a gambling excursion during the quarter; or

13 (B) admitted to the riverboat during the quarter (if the
 14 riverboat has implemented flexible scheduling).

15 This amount shall be divided equally among the counties
 16 described in IC 4-33-1-1(3).

17 (2) The Patoka Lake development account established under
 18 IC 4-33-15 shall receive one dollar (\$1) of the admissions tax
 19 collected for each person:

20 (A) embarking on a gambling excursion during the quarter; or

21 (B) admitted to the riverboat during the quarter (if the
 22 riverboat has implemented flexible scheduling).

23 (3) The resource conservation and development program that:

24 (A) is established under 16 U.S.C. 3451 et seq.; and

25 (B) serves the Patoka Lake area;

26 shall receive forty cents (\$0.40) of the admissions tax collected
 27 for each person embarking on a gambling excursion during the
 28 quarter or admitted to the riverboat during the quarter (if the
 29 riverboat has implemented flexible scheduling).

30 (4) The state general fund shall receive fifty cents (\$0.50) of the
 31 admissions tax collected for each person:

32 (A) embarking on a gambling excursion during the quarter; or

33 (B) admitted to the riverboat during the quarter (if the
 34 riverboat has implemented flexible scheduling).

35 (5) The division of mental health and addiction shall receive ten
 36 cents (\$0.10) of the admissions tax collected for each person:

37 (A) embarking on a gambling excursion during the quarter; or

38 (B) admitted to the riverboat during the quarter (if the
 39 riverboat has implemented flexible scheduling).

40 The division shall allocate at least twenty-five percent (25%) of
 41 the funds derived from the admissions tax to the prevention and
 42 treatment of compulsive gambling.

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(d) With respect to tax revenue collected from a riverboat that operates from a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000), the treasurer of state shall quarterly pay the following amounts:

(1) Except as provided in subsection (k), one dollar (\$1) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the city in which the riverboat is docked.

(2) Except as provided in subsection (k), one dollar (\$1) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the county in which the riverboat is docked.

(3) Except as provided in subsection (k), nine cents (\$0.09) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the county convention and visitors bureau or promotion fund for the county in which the riverboat is docked.

(4) Except as provided in subsection (k), one cent (\$0.01) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the northwest Indiana law enforcement training center.

(5) Except as provided in subsection (k), fifteen cents (\$0.15) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during a quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the state fair commission for use in any activity that the commission is authorized to carry out under IC 15-1.5-3.

(6) Except as provided in subsection (k), ten cents (\$0.10) of the admissions tax collected by the licensed owner for each person:

(A) embarking on gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has

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implemented flexible scheduling under IC 4-33-6-21; shall be paid to the division of mental health and addiction. The division shall allocate at least twenty-five percent (25%) of the funds derived from the admissions tax to the prevention and treatment of compulsive gambling.

(7) Except as provided in ~~subsection~~ **subsections (k) and (l)**, sixty-five cents (\$0.65) of the admissions tax collected by the licensed owner for each person embarking on a gambling excursion during the quarter or admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21 shall be paid to the Indiana horse racing commission to be distributed as follows, in amounts determined by the Indiana horse racing commission, for the promotion and operation of horse racing in Indiana:

(A) To one (1) or more breed development funds established by the Indiana horse racing commission under IC 4-31-11-10.

(B) To a racetrack that was approved by the Indiana horse racing commission under IC 4-31. The commission may make a grant under this clause only for purses, promotions, and routine operations of the racetrack. No grants shall be made for long term capital investment or construction, and no grants shall be made before the racetrack becomes operational and is offering a racing schedule.

(e) Money paid to a unit of local government under subsection (b)(1) through (b)(2), (c)(1), or (d)(1) through (d)(2):

(1) must be paid to the fiscal officer of the unit and may be deposited in the unit's general fund or riverboat fund established under IC 36-1-8-9, or both;

(2) may not be used to reduce the unit's maximum levy under IC 6-1.1-18.5, but may be used at the discretion of the unit to reduce the property tax levy of the unit for a particular year;

(3) may be used for any legal or corporate purpose of the unit, including the pledge of money to bonds, leases, or other obligations under IC 5-1-14-4; and

(4) is considered miscellaneous revenue.

(f) Money paid by the treasurer of state under subsection (b)(3) or (d)(3) shall be:

(1) deposited in:

(A) the county convention and visitor promotion fund; or

(B) the county's general fund if the county does not have a convention and visitor promotion fund; and

(2) used only for the tourism promotion, advertising, and



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1 economic development activities of the county and community.

2 (g) Money received by the division of mental health and addiction
3 under subsections (b)(5), (c)(5), and (d)(6):

4 (1) is annually appropriated to the division of mental health and
5 addiction;

6 (2) shall be distributed to the division of mental health and
7 addiction at times during each state fiscal year determined by the
8 budget agency; and

9 (3) shall be used by the division of mental health and addiction
10 for programs and facilities for the prevention and treatment of
11 addictions to drugs, alcohol, and compulsive gambling, including
12 the creation and maintenance of a toll free telephone line to
13 provide the public with information about these addictions. The
14 division shall allocate at least twenty-five percent (25%) of the
15 money received to the prevention and treatment of compulsive
16 gambling.

17 (h) This subsection applies to the following:

18 (1) Each entity receiving money under subsection (b).

19 (2) Each entity receiving money under subsection (d)(1) through
20 (d)(2).

21 (3) Each entity receiving money under subsection (d)(5) through
22 (d)(7).

23 The treasurer of state shall determine the total amount of money paid
24 by the treasurer of state to an entity subject to this subsection during
25 the state fiscal year 2002. The amount determined under this subsection
26 is the base year revenue for each entity subject to this subsection. The
27 treasurer of state shall certify the base year revenue determined under
28 this subsection to each entity subject to this subsection.

29 (i) This subsection applies to an entity receiving money under
30 subsection (d)(3) or (d)(4). The treasurer of state shall determine the
31 total amount of money paid by the treasurer of state to the entity
32 described in subsection (d)(3) during state fiscal year 2002. The
33 amount determined under this subsection multiplied by nine-tenths
34 (0.9) is the base year revenue for the entity described in subsection
35 (d)(3). The amount determined under this subsection multiplied by
36 one-tenth (0.1) is the base year revenue for the entity described in
37 subsection (d)(4). The treasurer of state shall certify the base year
38 revenue determined under this subsection to each entity subject to this
39 subsection.

40 (j) For state fiscal years beginning after June 30, 2002, the total
41 amount of money distributed to an entity under this section during a
42 state fiscal year may not exceed the entity's base year revenue as

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determined under subsection (h) or (i). If the treasurer of state determines that the total amount of money distributed to an entity under this section during a state fiscal year is less than the entity's base year revenue, the treasurer of state shall make a supplemental distribution to the entity under IC 4-33-13-5(f).

(k) For state fiscal years beginning after June 30, 2002, the treasurer of state shall pay that part of the riverboat admissions taxes that:

(1) exceed a particular entity's base year revenue; and

(2) would otherwise be due to the entity under this section; to the property tax replacement fund instead of to the entity.

(l) The maximum amount paid to the Indiana horse racing commission under this section in a state fiscal year may not exceed the remainder of:

(1) the Indiana horse racing commission's base year revenue as determined under subsection (h); minus

(2) the amount of fees, if any, paid to the Indiana horse racing commission under IC 4-31-7.6-8.

The treasurer of state shall pay the amount of the admissions taxes equal to the amount of fees subtracted from the Indiana horse racing commission's base year revenue under this subsection to the state general fund instead of to the Indiana horse racing commission.

SECTION 24. IC 4-33-14-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 1. The general assembly declares that the opportunity for full minority and women's business enterprise participation in the riverboat ~~industry~~ and **pari-mutuel pull tab industries** is essential if social and economic parity is to be obtained by minority and women business persons and if the economies of the riverboat ~~cities~~ and **pari-mutuel pull tab communities** are to be stimulated as contemplated by this article and IC 4-31-7.5. **In complying with this chapter, a licensed owner or permit holder should give priority to minority and women's business enterprises in the following order:**

(1) Local enterprises.

(2) Enterprises located in Indiana and the region surrounding the licensee's riverboat or pull tab facility.

(3) Indiana enterprises.

(4) National enterprises.

SECTION 25. IC 4-33-14-1.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 1.5. This chapter applies to:**

(1) a licensed owner of a riverboat licensed under this article;



1 **and**

2 **(2) a permit holder licensed to sell pari-mutuel pull tabs under**
 3 **IC 4-31-7.5.**

4 SECTION 26. IC 4-33-14-5, AS AMENDED BY P.L.195-2001,
 5 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 6 JULY 1, 2003]: Sec. 5. (a) As used in this section, "goods and services"
 7 does not include the following:

8 (1) Utilities and taxes.

9 (2) Financing costs, mortgages, loans, or other debt.

10 (3) Medical insurance.

11 (4) Fees and payments to a parent or an affiliated company of the
 12 person holding an owner's license **or a pari-mutuel pull tab**
 13 **license**, other than fees and payments for goods and services
 14 supplied by nonaffiliated persons through an affiliated company
 15 for the use or benefit of the person holding the owner's license **or**
 16 **a pari-mutuel pull tab license.**

17 (5) Rents paid for real property or payments constituting the price
 18 of an interest in real property as a result of a real estate
 19 transaction.

20 (b) Notwithstanding any law or rule to the contrary, the commission
 21 shall establish annual goals for a person issued an owner's license **or**
 22 **a pari-mutuel pull tab license:**

23 (1) for the use of minority and women's business enterprises; and

24 (2) derived from a statistical analysis of utilization study of
 25 licensee contracts for goods and services that are required to be
 26 updated every five (5) years.

27 A person holding an owner's license **or a pari-mutuel pull tab license**
 28 shall submit annually to the commission a report that includes the total
 29 dollar value of contracts awarded for goods or services and the
 30 percentage awarded to minority and women's business enterprises.

31 (c) A person holding an owner's license **or a pari-mutuel pull tab**
 32 **license** shall make a good faith effort to meet the requirements of this
 33 section and shall annually demonstrate to the commission that an effort
 34 was made to meet the requirements.

35 (d) A person holding an owner's license **or a pari-mutuel pull tab**
 36 **license** may fulfill not more than seventy percent (70%) of an
 37 obligation under this chapter by requiring a vendor to set aside a part
 38 of a contract for minority or women's business enterprises. Upon
 39 request, the licensee shall provide the commission with proof of the
 40 amount of the set aside.

41 SECTION 27. IC 4-33-14-6 IS AMENDED TO READ AS
 42 FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 6. If the commission



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determines that the provisions of this chapter relating to expenditures and assignments to minority and women's business enterprises have not been met by a licensee, the commission may suspend, limit, or revoke the owner's license ~~or fine or the permit holder's pari-mutuel pull tab license~~, or impose a civil penalty or appropriate conditions on the licensee to ensure that the goals for expenditures and assignments to minority and women's business enterprises are met. However, if a determination is made that a person holding an owner's license ~~or a pari-mutuel pull tab license~~ has failed to demonstrate compliance with this chapter, the person has ninety (90) days from the date of the determination of noncompliance to comply.

SECTION 28. IC 4-33-14-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 7. The commission shall establish and administer a unified certification procedure for minority and women's business enterprises that do business with riverboat operations **and pari-mutuel pull tab operations** on contracts for goods and services or contracts for business.

SECTION 29. IC 4-33-14-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 8. The commission shall supply persons holding owner's licenses ~~or pari-mutuel pull tab licenses~~ with a list of the minority and women's business enterprises the commission has certified under section 7 of this chapter. The commission shall review the list annually to determine the minority and women's business enterprises that should continue to be certified. The commission shall establish a procedure for challenging the designation of a certified minority and women's business enterprise. The procedure must include proper notice and a hearing for all parties concerned.

SECTION 30. IC 4-33-14-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 9. (a) This section applies to **the following**:

(1) A person holding an owner's ~~licenses~~ **license** for riverboats operated from a city described under IC 4-33-6-1(a)(1) through IC 4-33-6-1(a)(3).

(2) **A person holding a license to sell pari-mutuel pull tabs under IC 4-31-7.5.**

(b) The commission shall require persons holding owner's licenses to adopt policies concerning the preferential hiring of residents of the city in which the riverboat docks for riverboat jobs.

(c) **The commission shall require a person holding a pari-mutuel pull tab license to adopt policies concerning the preferential hiring of residents of the city or county in which the person has a pari-mutuel pull tab operation.**



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SECTION 31. IC 4-33-14-11 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 11. The commission shall deposit civil penalties imposed under section 6 of this chapter in the minority and women business participation fund established by section 12 of this chapter.**

SECTION 32. IC 4-33-14-12 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 12. (a) The minority and women business participation fund is established to assist minority and women business enterprises. The fund shall be administered by the commission. The fund consists of fees collected under section 13 of this chapter and civil penalties imposed under section 6 of this chapter.**

(b) The Indiana department of administration may use fees collected under section 13 of this chapter to hire employees to administer this chapter. The commission may use other money in the fund for the purposes of this chapter.

(c) The expenses of administering the fund shall be paid from money in the fund.

(d) The treasurer of state shall invest money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Interest that accrues from those investments shall be deposited in the fund.

(e) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

SECTION 33. IC 4-33-14-13 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 13. The commission shall charge an annual fee of ten thousand dollars (\$10,000) upon the following:**

(1) Each licensed owner of a riverboat licensed under this article.

(2) Each racetrack offering pari-mutuel pull tabs under IC 4-31-7.5.

(3) Each satellite facility offering pari-mutuel pull tabs under IC 4-31-7.5.

The fees collected under this section must be deposited into the minority and women business participation fund.

SECTION 34. IC 6-3-4-8.2, AS AMENDED BY P.L.192-2002(ss), SECTION 82, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 8.2. (a) Each person in Indiana who is required under the Internal Revenue Code to withhold federal tax from winnings**



1 shall deduct and retain adjusted gross income tax at the time and in the
2 amount described in withholding instructions issued by the department.

3 (b) In addition to amounts withheld under subsection (a), every
4 person engaged in a gambling operation (as defined in IC 4-33-2-10)
5 and making a payment in the course of the gambling operation (as
6 defined in IC 4-33-2-10) of:

7 (1) winnings (not reduced by the wager) valued at one thousand
8 two hundred dollars (\$1,200) or more from slot machine play; or

9 (2) winnings (reduced by the wager) valued at one thousand five
10 hundred dollars (\$1,500) or more from a keno game;

11 shall deduct and retain adjusted gross income tax at the time and in the
12 amount described in withholding instructions issued by the department.

13 The department's instructions must provide that amounts withheld shall
14 be paid to the department before the close of the business day following
15 the day the winnings are paid, actually or constructively. Slot machine
16 and keno winnings from a gambling operation (as defined in
17 IC 4-33-2-10) that are reportable for federal income tax purposes shall
18 be treated as subject to withholding under this section, even if federal
19 tax withholding is not required.

20 (c) The adjusted gross income tax due on prize money or prizes:

21 (1) received from a winning lottery ticket purchased under
22 IC 4-30; and

23 (2) exceeding one thousand two hundred dollars (\$1,200) in
24 value;

25 shall be deducted and retained at the time and in the amount described
26 in withholding instructions issued by the department, even if federal
27 withholding is not required.

28 **(d) In addition to the amounts withheld under subsection (a),**
29 **each person engaged in a pari-mutuel pull tab operation under**
30 **IC 4-31-7.5 making a payment in the course of the pull tab**
31 **operation of pull tab winnings valued at one thousand two hundred**
32 **dollars (\$1,200) or more shall deduct and retain adjusted gross**
33 **income tax at the time and in the amount described in withholding**
34 **instructions issued by the department. The department's**
35 **instructions must provide that amounts withheld shall be paid to**
36 **the department before the close of the business day following the**
37 **day the winnings are paid, actually or constructively. Pari-mutuel**
38 **pull tab winnings are subject to withholding under this section even**
39 **if the winnings are not reportable or subject to withholding for**
40 **federal income tax purposes.**

41 SECTION 35. IC 6-8.1-1-1, AS AMENDED BY P.L.192-2002(ss),
42 SECTION 140, IS AMENDED TO READ AS FOLLOWS

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[EFFECTIVE JULY 1, 2003]: Sec. 1. "Listed taxes" or "taxes" includes only the **pari-mutuel pull tab wagering tax (IC 4-31-7.6)**; pari-mutuel taxes (IC 4-31-9-3 through IC 4-31-9-5); the riverboat admissions tax (IC 4-33-12); the riverboat wagering tax (IC 4-33-13); the gross income tax (IC 6-2.1) (repealed); the utility receipts tax (IC 6-2.3); the state gross retail and use taxes (IC 6-2.5); the adjusted gross income tax (IC 6-3); the supplemental net income tax (IC 6-3-8) (repealed); the county adjusted gross income tax (IC 6-3.5-1.1); the county option income tax (IC 6-3.5-6); the county economic development income tax (IC 6-3.5-7); the municipal option income tax (IC 6-3.5-8); the auto rental excise tax (IC 6-6-9); the financial institutions tax (IC 6-5.5); the gasoline tax (IC 6-6-1.1); the alternative fuel permit fee (IC 6-6-2.1); the special fuel tax (IC 6-6-2.5); the motor carrier fuel tax (IC 6-6-4.1); a motor fuel tax collected under a reciprocal agreement under IC 6-8.1-3; the motor vehicle excise tax (IC 6-6-5); the commercial vehicle excise tax (IC 6-6-5.5); the hazardous waste disposal tax (IC 6-6-6.6); the cigarette tax (IC 6-7-1); the beer excise tax (IC 7.1-4-2); the liquor excise tax (IC 7.1-4-3); the wine excise tax (IC 7.1-4-4); the hard cider excise tax (IC 7.1-4.4.5); the malt excise tax (IC 7.1-4-5); the petroleum severance tax (IC 6-8-1); the various innkeeper's taxes (IC 6-9); the various county food and beverage taxes (IC 6-9); the county admissions tax (IC 6-9-13 and IC 6-9-28); the oil inspection fee (IC 16-44-2); the emergency and hazardous chemical inventory form fee (IC 6-6-10); the penalties assessed for oversize vehicles (IC 9-20-3 and IC 9-30); the fees and penalties assessed for overweight vehicles (IC 9-20-4 and IC 9-30); the underground storage tank fee (IC 13-23); the solid waste management fee (IC 13-20-22); and any other tax or fee that the department is required to collect or administer.

SECTION 36. IC 35-45-5-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 7. This chapter does not apply to the publication or broadcast of an advertisement, a list of prizes, or other information concerning:

- (1) pari-mutuel wagering on horse races or a lottery authorized by the law of any state; ~~or~~
- (2) a game of chance operated in accordance with IC 4-32; **or**
- (3) a pari-mutuel pull tab game operated in accordance with IC 4-31-7.5.**

SECTION 37. IC 35-45-5-11 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 11. This chapter does not apply to the sale of pari-mutuel pull tab tickets authorized by IC 4-31-7.5.**



1 SECTION 38. [EFFECTIVE JULY 1, 2003] (a) The Indiana
2 gaming commission shall adopt the emergency rules required
3 under IC 4-31-7.5-3, as added by this act, before January 1, 2004.

4 (b) This SECTION expires January 31, 2004.

5 SECTION 39. [EFFECTIVE JULY 1, 2003] (a) If the Indiana
6 gaming commission determines that a permit holder has met the
7 requirements of this act, the Indiana gaming commission shall
8 adopt a resolution authorizing a permit holder to sell pari-mutuel
9 pull tabs under IC 4-31-7.5, as added by this act. The commission
10 may exercise any power necessary to implement this act under a
11 resolution authorized under this SECTION.

12 (b) This SECTION expires December 31, 2003.

13 SECTION 40. [EFFECTIVE JULY 1, 2003] (a) If any provision of
14 this act, as enacted or later amended, or its application to any
15 person or circumstance is held invalid, the invalidity does not affect
16 other provisions that can be given effect without the invalid
17 provision or application.

18 (b) Each part and application of every statute set forth in this
19 act is severable. If any provision or application of any part of the
20 act is held invalid, the invalidity does not affect the remainder of
21 the act unless:

22 (1) the remainder is so essentially and inseparably connected
23 with and so dependent upon the invalid provision or
24 application that it cannot be presumed that the remainder
25 would have been enacted without the invalid provision or
26 application; or

27 (2) the remainder is incomplete and incapable of being
28 executed in accordance with the legislative intent without the
29 invalid provision or application.

30 SECTION 41. [EFFECTIVE JULY 1, 2003] The allowed cities (as
31 defined in IC 4-31-2-1.5, as added by this act) are presented with
32 unique challenges with regard to:

33 (1) the delivery, affordability, availability, and need for:

34 (A) housing;

35 (B) infrastructure;

36 (C) transportation;

37 (D) educational opportunities; and

38 (E) economic development for;

39 the residents of the allowed cities;

40 (2) the inability of the allowed cities to derive significant
41 economic benefits, including employment and investment
42 opportunities, from the presence of casino gaming operations

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1 because of the distance between the cities and Indiana's casino
2 gaming operations; and
3 (3) the large number of exempt properties, the urban
4 character of the community, the demands placed on the cities'
5 assets by commuters, tourists, and business visitors, and the
6 age of many of the cities' systems and facilities.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Public Policy, Ethics and Veterans Affairs, to which was referred House Bill 1598, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, delete lines 1 through 17.

Page 2, delete lines 1 through 18.

Page 2, between lines 31 and 32, begin a new paragraph and insert:

"SECTION 2. IC 4-31-2-1.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 1.5. "Allowed city" means a city that has a population that is greater than two hundred thousand (200,000)."**

Page 2, line 35, after "public" insert "**at a facility authorized under IC 4-33-7.5**".

Page 2, line 37, after "pool" insert ".".

Page 2, line 37, delete "consisting of the total amount".

Page 2, delete lines 38 through 40.

Page 3, line 15, delete "January 1, 2002;" and insert "**July 1, 2003;**".

Page 3, line 16, after "(2)" insert "**operates or**".

Page 3, line 16, delete "a county" and insert "**an allowed city**".

Page 3, delete line 17.

Page 4, line 32, delete "January 1, 2002;" and insert "**July 1, 2003;**".

Page 4, line 33, after "(2)" insert "**operates or**".

Page 4, line 33, delete "a county" and insert "**an allowed city**".

Page 4, delete line 34.

Page 6, line 21, delete "January 1, 2002;" and insert "**July 1, 2003;**".

Page 6, line 22, after "(2)" insert "**operates or**".

Page 6, line 22, delete "a county" and insert "**an allowed city**".

Page 6, delete line 23.

Page 7, line 19, strike "four (4)" and insert "**two (2)**".

Page 8, delete lines 23 through 27, begin a new line block indented and insert:

"(6) Satellite facilities are limited to the following locations:

(A) An allowed city.

(B) A city, other than an allowed city, in which the permit holder's satellite facility operations began before March 1, 2003.

(7) A permit holder may not hold more than one license issued for the operation of a satellite facility in an allowed city, unless the permit holder holds a license issued for the operation of a satellite facility in an allowed city jointly with another permit holder.



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(c) The number of licenses issued for the operation of a satellite facility in the allowed cities may not exceed two (2). However, an allowed city may not contain more than one (1) satellite facility. A license issued for the operation of a satellite facility in an allowed city may be jointly held by more than one (1) permit holder.

(d) Notwithstanding any other provision of this chapter, a permit holder licensed to sell pari-mutuel pull tabs under IC 4-31-7.5 shall surrender any satellite facility license held by the permit holder for the operation of a satellite facility at any location other than a location specified in subsection (b)(6).

(e) If:

(1) a permit holder is issued a license under IC 4-31-7.5 to sell pari-mutuel pull tabs at a satellite facility located in an allowed city; and

(2) the permit holder is operating a satellite facility in an allowed city under a license issued before March 1, 2003;

the permit holder shall cease operations at the satellite facility described in subdivision (2) and surrender the license under which the satellite facility had been operated before commencing operations at a satellite facility licensed to sell pari-mutuel pull tabs."

Page 10, line 31, delete "and".

Page 10, between lines 31 and 32, begin a new line block indented and insert:

"(6) a voluntary exclusion program; and".

Page 10, line 32, delete "(6)" and insert "(7)".

Page 11, between lines 25 and 26, begin a new paragraph and insert:

"(g) The Indiana gaming commission may not issue a license under this chapter unless the permit holder has executed an agreement with the mayor of an allowed city concerning the conditions under which the city and the permit holder agree that a satellite facility should be located and operated in the city. An agreement under this subsection:

(1) must promote the public health, safety, and welfare of the city;

(2) may include provisions for revenue sharing, grants, housing development, employment opportunities, investment, assistance with the satellite facility, use of revenues, and any other terms and conditions mutually agreed upon; and

(3) must be executed before April 1, 2004.

An agreement executed under this subsection is binding upon the issuance of a license under this chapter by the Indiana gaming

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commission, subject to the other provisions of this chapter. The agreement may not supersede any applicable zoning laws. The permit holder is under a continuing duty to remain in compliance with the terms of the agreement executed under this subsection to retain the permit holder's pari-mutuel pull tab license. The Indiana gaming commission may revoke a pari-mutuel pull tab license for noncompliance with the terms of an agreement executed under this subsection.

(h) Money received by any unit of government under an agreement executed under subsection (g) is considered miscellaneous revenue. The money may not be used to reduce the unit's maximum levy under IC 6-1.1-18.5 or IC 6-1.1-19, but may be used at the discretion of the unit to reduce the property tax levy for a particular year. The money may be used for any legal or corporate purpose of the unit, including the pledge of money to bonds, leases, or other obligations under IC 5-1-14-4. In the case of an allowed city subject to IC 36-7-15.1-35.5, the agreement executed under subsection (g) must dedicate at least twenty percent (20%) of the money received under the agreement to the housing trust fund established under IC 36-7-15.1-35.5(e).

(i) Notwithstanding any other law, a permit holder may not sell pari-mutuel pull tabs at the permit holder's race track until the permit holder has executed an agreement with the mayor of an allowed city under subsection (g)."

Page 12, line 22, after "in" delete "a" and insert "an allowed city."

Page 12, delete lines 23 through 27, begin a new paragraph and insert:

"Sec. 10. A permit holder may not install more than:

- (1) seven hundred fifty (750) pull tab terminals or devices on the premises of the permit holder's live pari-mutuel horse racing facility; and**
- (2) one thousand five hundred (1,500) pull tab terminals or devices on the premises of the permit holder's satellite facility located in an allowed city."**

Page 13, between lines 34 and 35, begin a new paragraph and insert:

"Sec. 20. (a) The Indiana gaming commission may eject or exclude or authorize the ejection or exclusion of a person from a pari-mutuel pull tab wagering facility if:

- (1) the person's name is on the list of persons voluntarily excluding themselves from all pari-mutuel pull tab facilities in a program established under the rules of the Indiana gaming commission;**



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- (2) the person violates this chapter; or
- (3) the Indiana gaming commission determines that the person's conduct or reputation is such that the person's presence within the pari-mutuel pull tab wagering facility may:

- (A) call into question the honesty and integrity of the pari-mutuel pull tab operations; or

- (B) interfere with the orderly conduct of the pari-mutuel pull tab operations.

(b) A person may petition the Indiana gaming commission for a hearing on the person's ejection or exclusion under this section."

Page 14, line 34, delete "of." and insert "of thirty-one percent (31%).".

Page 14, delete lines 35 through 42.

Page 15, delete lines 1 through 5.

Page 15, delete lines 23 through 42.

Delete pages 16 through 18.

Page 19, delete lines 1 through 23, begin a new paragraph and insert:

"(c) Before the fifteenth day of each month, the treasurer of state shall distribute the tax revenue deposited in the state pull tab wagering fund under this section in the preceding months as follows:

(1) Thirty percent (30%) of the tax revenue remitted by each permit holder's racetrack shall be paid as follows:

(A) In the case of a racetrack that is located in a county having a population of more than one hundred thirty thousand (130,000) but less than one hundred forty-five thousand (145,000), the tax revenue remitted by the racetrack shall be paid as follows:

(i) Fifty-eight percent (58%) to a city having a population of more than fifty-nine thousand seven hundred (59,700) but less than sixty-five thousand (65,000).

(ii) Seventeen percent (17%) to the capital projects fund of the county for distribution by the county legislative body.

(iii) Seventeen percent (17%) to the school corporations located in the county. The tax revenue distributed under this item must be divided among the school corporations on a pro rata basis according to the ratio the number of county resident students enrolled in each school

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corporation bears to the total number of county resident students enrolled in the school corporations located in the county. Revenue received by a school corporation under this item is considered miscellaneous revenue.

(iv) Eight percent (8%) to the incorporated cities and towns located in the county other than a city described in item (i). The tax revenue distributed under this item must be divided among the cities and towns on a pro rata basis according to the ratio the population of each city or town bears to the total population of the county minus the population of a city described in item (i).

(B) In the case of a racetrack that is located in a county having a population of more than forty-three thousand (43,000) but less than forty-five thousand (45,000), the tax revenues remitted by the racetrack shall be paid as follows:

(i) Forty-one and five-tenths percent (41.5%) to the county.

(ii) Forty-one and five-tenths percent (41.5%) to a city having a population of more than seventeen thousand nine hundred (17,900) but less than eighteen thousand one hundred (18,100).

(iii) Seventeen and five-tenths percent (17.5%) to the school corporations located in the county. The tax revenue distributed under this item must be divided among the school corporations on a pro rata basis according to the ratio the number of county resident students enrolled in each school corporation bears to the total number of county resident students enrolled in the school corporations located in the county. Revenue received by a school corporation under this item is considered miscellaneous revenue.

(2) After the distributions required under subdivision (1) are made, the remainder of the tax revenues deposited in the state pull tab wagering fund shall be paid as follows:

(A) Fifty percent (50%) shall be paid to the state general fund.

(B) Fifty percent (50%) shall be set aside for revenue sharing under subsection (d).

(d) Before August 15, 2004, and each year thereafter, the treasurer of state shall distribute the money deposited in the state pull tab wagering fund and set aside for revenue sharing under

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subsection (c)(2)(B) to the county treasurer of each county that does not have a riverboat or a satellite facility authorized to sell pari-mutuel pull tabs according to the ratio that the county's population bears to the total population of the counties that do not have a riverboat or a satellite facility authorized to sell pari-mutuel pull tabs. The county auditor shall distribute the money received by the county under this subsection as follows:

- (1) To each city located in the county according to the ratio the city's population bears to the total population of the county.
- (2) To each town located in the county according to the ratio the town's population bears to the total population of the county.
- (3) After the distributions required in subdivisions (1) and (2) are made, the remainder shall be retained by the county.

(e) Money received by a city, town, or county under subsection (d):

- (1) may not be used to reduce the unit's maximum levy under IC 6-1.1-18.5, but may be used at the discretion of the unit to reduce the property tax levy for a particular year;
- (2) may be used for any legal or corporate purpose, including the pledge of money to bonds, leases, or other obligations under IC 5-1-14-4; and
- (3) is considered miscellaneous revenue.

Sec. 8. (a) Before the fifteenth day of each month a permit holder shall pay a fee to the commission for the promotion of horse racing that is equal to the percentage set forth in subsection (b) of the permit holder's net receipts from the preceding month.

(b) The fee required under subsection (a) is equal to the following percentages of the permit holder's net receipts:

Year 1	9%
Year 2	15%
Year 3 and each year thereafter	19.25%

(c) Money paid to the commission under this section must be distributed as follows:

- (1) At least two hundred fifty thousand dollars (\$250,000) but not more than one percent (1%) is to be distributed in equal amounts for the support and operation of the following horsemen's associations (as defined in IC 4-31-8-6):
 - (A) The horsemen's associations representing the standardbred owners and trainers.
 - (B) The horsemen's associations representing the



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thoroughbred owners and trainers.

(C) The horsemen's associations representing the quarterhorse owners and trainers.

(2) The remainder is to be distributed, in amounts determined by the commission, for the promotion and operation of horse racing, as follows:

(i) To a breed development fund established by the commission under IC 4-31-11-10.

(ii) To each racetrack that has been approved by the commission under this article. The commission may make a grant under this item only for purses, promotions, and routine operations."

Page 29, line 25, delete "pull tab wagering tax revenues," and insert "fees,".

Page 29, line 26, delete "IC 4-31-7.6-7." and insert "IC 4-31-7.6-8.".

Page 29, line 28, delete "pull tab wagering tax revenues" and insert "fees".

Page 35, after line 21, begin a new paragraph and insert:

"SECTION 40. [EFFECTIVE JULY 1, 2003] (a) If any provision of this act, as enacted or later amended, or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions that can be given effect without the invalid provision or application.

(b) Each part and application of every statute set forth in this act is severable. If any provision or application of any part of the act is held invalid, the invalidity does not affect the remainder of the act unless:

(1) the remainder is so essentially and inseparably connected with and so dependent upon the invalid provision or application that it cannot be presumed that the remainder would have been enacted without the invalid provision or application; or

(2) the remainder is incomplete and incapable of being executed in accordance with the legislative intent without the invalid provision or application.

SECTION 41. [EFFECTIVE JULY 1, 2003] The allowed cities (as defined in IC 4-31-2-1.5, as added by this act) are presented with unique challenges with regard to:

(1) the delivery, affordability, availability, and need for:

(A) housing;

(B) infrastructure;

(C) transportation;



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- (D) educational opportunities; and**
- (E) economic development for;**
- the residents of the allowed cities;**
- (2) the inability of the allowed cities to derive significant economic benefits, including employment and investment opportunities, from the presence of casino gaming operations because of the distance between the cities and Indiana's casino gaming operations; and**
- (3) the large number of exempt properties, the urban character of the community, the demands placed on the cities' assets by commuters, tourists, and business visitors, and the age of many of the cities' systems and facilities."**

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1598 as introduced.)

LYTLE, Chair

Committee Vote: yeas 9, nays 4.

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